



**MINUTES  
SPECIAL COMMITTEE OF THE WHOLE BUDGET MEETING  
Tuesday, October 29, 2013**

**Location:** Village Hall, Community Room, One Olde Half Day Road, Lincolnshire, Illinois 60069

**Present:**

Trustee Brandt	Trustee Feldman
<del>Trustee Grujanac</del>	<del>Trustee McDonough</del>
Trustee McAllister	Trustee Servi
Mayor Blomberg	<del>Village Clerk Mastandrea</del>
Village Manager Burke	<del>Village Attorney Simon</del>
Director of Community Development McNellis	Police Chief Kinsey
Finance Director Peterson	<del>Village Treasurer Curtis</del>
Engineering Supervisor Horne	Street & Parks Superintendent Pippen

**Roll Call**

Mayor Blomberg called the meeting to order at 7:10 p.m. and Village Manager Burke called the Roll.

**ITEMS OF GENERAL BUSINESS**

2.1 Finance & Administration

**2.11 Workshop regarding Fiscal Year 2014 Budget (Village of Lincolnshire)**

Village Manager Burke thanked the Board for their attendance at the meeting to review the proposed Fiscal Year 2014 budget. Village Manager Burke explained the purpose of the meeting is to review for the proposed Fiscal Year 2014 General Fund and Water & Sewer Fund revenues and operating expenditures. Village Manager Burke noted, if time permits, staff plans to review the proposed budgets for the Village's other funds. The other funds include: Motor Fuel Tax Fund; Police Pension Fund; Retirement Fund; Fraud, Alcohol and Drug Enforcement Fund; Vehicle Maintenance Fund; Tax Increment Finance District; E911 Fund; Sedgebrook Special Service Area Fund; and Westminster Traffic Signal Special Service Area Fund.

Village Manager Burke noted several changes made in the presentation of the budget document for Fiscal Year 2014. Village Manager Burke explained the most significant change is the increase in the number and detail of line items found in the proposed budget. The increase line items are intended to provide more transparency in the budgeting process as well as provide each department with an easier way to manage their respective budgets. Village Manager Burke also noted several expenditures were realigned or reassigned to reflect the most appropriate operating area for the respective expenditure. Village Manager Burke noted the most significant change in this area pertains to shifting of many "shared expenses" from the departmental budget to the Insurance and Common Expense Budget.

Village Manager Burke also noted the combining of the Environmental Services budget into a single Parks and Grounds Budget is a major change from previous years.

Village Manager Burke noted to improve transparency, the budgets for the Fraud, Alcohol and Drug Enforcement and Sedgebrook Special Service Area are now included in the proposed budget. In previous years, expenditures for these restricted activities were not reflected in the budget document.

The other significant change reflected in the Fiscal Year 2014 Budget is the creation of the General Capital Fund. This is a new fund created to outline the Village's capital plan for the coming budget year. As discussed with the Board in previous meetings, funds to pay for needed capital projects and equipment will be allocated annually to the General Capital Fund and be based upon meeting the Village's General Fund Reserve Policy.

Village Manager Burke extended his appreciation to the Department Managers, supervisory staff and Administrative Assistant Leslie Ulibarri and Administrative Intern Youssef Shoukry for their support and efforts in preparing the Fiscal Year 2014 budget.

Village Manager Burke noted several assumptions that went into the preparation of the Fiscal Year 2013 budget. These assumptions included flat revenue projections, proposed 3% maximum merit increases for Village non-union employees, which matches the planned increase for Patrol Officers as part of the second year of the current collective bargaining agreement. Village Manager Burke noted the proposed budget reflects no major changes in operations or services and reflects no new personnel. Village Manager Burke explained the total budget does reflect a reduction in full-time personnel due to the transition of dispatch services to the Village of Vernon Hills which took place earlier this month.

Village Manager Burke explained the proposed General Fund revenues for Fiscal Year 2014 are expected to be \$13,901,700 and proposed expenditures in the General Fund are equal to \$12,495,575. The difference between expenditures and revenues is \$1,406,125. Village Manager Burke noted transfers from the General Fund/use of reserves contemplated in the Fiscal Year 2014 budget consist of the following: \$3,000,000 transfer to the newly create General Capital Fund; \$900,000 transfer for Water & Sewer capital improvements; and \$187,300 in transfers from the General Fund for Water & Sewer debt service.

Village Manager Burke noted the proposed General Fund revenues reflect an increase of 2.0% over the current fiscal year. The majority of this increase is due to increased revenue from state sales tax, home rule sales tax, and room/admissions tax. Village Manager Burke explained General Fund expenditures reflect a 4.4% increase over the current year, which translates into an increase of \$332,005. Village Manager Burke noted prior to factoring in capital items requested for Fiscal Year 2014, the General Fund operating budget is balanced; however, the proposed budget does reflect using 2014 revenues and existing reserves for fund requested capital expenditures.

Village Manager Burke reviewed the projected General Fund Reserve Balance for Fiscal Year 2014 and noted the proposed budget anticipates \$12.3 million in reserves as of December 31, 2014. This exceeds the Village's target of holding one full year's operating and debt services expenses held in reserves.

Village Manager Burke noted expenditures across a majority of line items in the budget reflect no change or only a slight increase when compared to the current year. Each Department Manager proceeded to review each operating area of the proposed Fiscal Year 2014 Budget and highlight major changes in proposed expenditures for each area of operation in the General Fund.

### **General Fund Expenditures – Divisions**

- A. Administration – Village Manager Burke reviewed there are no major changes from the current year. Staff is proposed to be maintained at the current level; however, this division does currently have a vacancy in one of the Administrative Assistant positions. Village Manager Burke did note the recent hiring of Administrative Intern Youssef Shoukry in the Administration Department. Village Manager Burke noted this individual is filling a need especially in the area of information technology support and noted he is considering recommending changing the existing vacant Administrative Assistant position to a Management Analyst. Village Manager Burke explained with such a change, he would be recommending bringing Intern Shoukry on in a permanent full-time capacity.
- B. Finance – Finance Director Peterson noted the proposed expenditures for this division are projected to increase slightly. Finance Director Peterson explained salaries are up in Fiscal Year 2014 due to the anticipated payout of accumulated sick leave to Sheri Beck upon her retirement. A discussion of Finance Department goals and objectives for Fiscal Year 2014 followed. Finance Director Peterson noted a major objective would be to transition in the new Senior Accountant, which is the new position to be filled upon the current Accounting Supervisor's retirement. Finance Director Peterson noted plans for the coming year include exploring the possibility of outsourcing the payroll function to free up Finance Department staff time for other higher level projects and activities.
- C. Police – Police Chief Kinsey noted the Police Department Budget reflects a slight increase of 0.9% over the current year's budget. Police Chief Kinsey noted changes in the Police Department budget include calling out additional details in the payroll area to better track the contractual overtime expenses of the department. Police Chief Kinsey noted the expenditures related to the Village Prosecutor have been shifted from the former Legal Expense budget to the Police Department to reflect a more appropriate location for such expenditure. Police Chief Kinsey explained expenses related to mobile data access are projected to increase with the new equipment installed in the squads to permit field reporting and to connect with Vernon Hills Dispatch. Police Chief Kinsey also noted a new expenditure is included in the Police Department budget for 2014 related to the repair and annual maintenance of the Village's emergency warning sirens.
- D. Community & Economic Development – Director of Community Development McNellis explained the Community Development Department reflects a name change to Community & Economic Development for Fiscal Year 2014. The budget also contemplates reclassification of the two existing Planner and Building Inspector positions to reflect: Economic Development Coordinator, Village Planner, and Building Official.

Trustee Brandt commended Planner Tonya Zozulya for her leadership this past year with the Chamber of Commerce, the Taste of Lincolnshire and most recently with the Lincolnshire Community Association with Boo Bash.

Trustee Brandt expressed concern that the current leadership of the Lincolnshire Community Association (LCA), Bob and Pat Gregory, may not be in a position to lead this organization in the future. Trustee Brandt expressed her opinion the Village needs to be sure to have a presence within LCA to help ensure its success.

A discussion of the development of the remaining Village-owned parcels in the downtown triangle followed. Director of Community Development McNellis noted the potential developer, Mike Mallon, is working to revise their potential site plans and is planning to present to the Board in the near future.

Director of Community Development McNellis noted the department's budget reflects an increase of 3% over the current fiscal year. The proposed budget reflects an increase in the contribution to Visit Lake County (Convention Bureau) to \$15,000. The budget also reflects increases relate to increased allocation for Outside Services for potential Economic Development initiatives in the coming year, as well as an increased in professional services to permit Community & Economic Development staff to attend the International Conference of Shopping Centers national conference held in Las Vegas in 2014.

A discussion of additional funding for staff to attend the International Conference of Shopping Centers (ICSC) national conference in Las Vegas followed. Trustee Brandt noted if the Village plans to attend, staff needs to be prepared, have meetings set up, and a great message to share with the development community.

- E. Insurance/Common Expenses – Village Manager Burke noted this operating area reflects some of the most dramatic changes in the budget for Fiscal Year 2014. Changes are largely related better aligning “shared expenses” in this operating area as opposed to having the expenditures reflected in the departmental budgets. The proposed Insurance & Common Expense budget reflects a 7.4% increase. Major changes include shifting the Village Attorney expenses to this expenditure area and eliminating the Legal category from the budget in total. Additionally, the expenses related to the GIS Consortium have been shifted from the Public Works Department budget to Insurance and Common Expense for Fiscal Year 2014.

Lastly, Village Manager Burke reviewed proposed Insurance and Common Expense expenditures related to technology improvements. Village Manager Burke noted funds are proposed for updates to individual workstations, changes in water billing processes, and upgrades to financial software systems.

A discussion regarding the Village needing to increase its efforts at implementing technology changes followed. Trustee Brandt expressed her opinion; the Village needs to be faster in terms of adopting and deploying updated technologies. Trustee Brandt noted the Village needs to be better at giving employees the tools needed to do their jobs efficiently and effectively. A discussion of technology and the use of mobile computers and tablets followed.

Village Manager Burke provided an update of the Village's participation in the potential

Information Technology Consortium and noted requests for proposal for possible vendors to lead this consortium transition have been issued. Interviews with potential vendors are expected to take place in late November.

- F. Public Works Administration – Engineering Supervisor Horne reported, there is a decrease in the budget for Public Works Administration compared to the current fiscal year. There are no changes in personnel for Fiscal Year 2014. The decrease is largely related to reallocating the GIS Consortium expenses from Public Works to Insurance and Common Expense.
- H. Public Works - Streets - Engineering Supervisor Horne explained the proposed budget reflects a 4% increase compared to the current fiscal year. Engineering Supervisor Horne noted several expenses related to ongoing street maintenance needs have been moved out of the capital budget and are included in the operating budget for the coming year. Engineering Supervisor Horne reported the annual road resurfacing project for 2014 will focus on the Dukes/Brunswick area. Staff noted, due to a mild winter in 2013 sufficient salt supplies are in inventory and only 700 tons are planned for order in 2014.
- I. Public Works - Parks & Grounds – Street & Parks Superintendent Pippen reported this division reflects a 24% increase compared to the current fiscal year. The significant increase is a result of combining the Parks & Grounds budget with the Environmental Services budget for 2014. As of 2014, the Environmental Services will no longer be reflected in the budget. Outside organization requests included in the budget for Fiscal Year 2014 include: \$25,000 to Lincolnshire Community Association for Fourth of July; \$2,500 to Lincolnshire Community Association for tree lighting; and \$15,000 to the Greater Lincolnshire Chamber of Commerce for the Taste of Lincolnshire event.

Trustee Brandt noted LCA's Boo Bash event continues to gain in importance. Trustee Brandt noted Halloween in 2014 falls on a Friday and the Village may want to consider what improvements can be made to the event when it is held on a weekend.

A discussion regarding the Park Board recommendation to increase funding for open space maintenance followed. Trustee Brandt suggested working with the Boy Scouts or an environmental class or club at Stevenson High School may result in the manpower needed to address maintenance of open space without increasing costs.

- K. Public Works - Buildings - There is a 23% decrease compared to the current year's budget. The major change in this area is a result of the facilities landscaping expenses being allocated in the Parks & Open Space budget for 2014.

## **Water and Sewer**

- A. Water and Sewer Operating Fund - There is a 2.0% rate increase in water but not in sewer. The proposed increase results in an increase of \$0.07/1,000 gallons of water used. Lake County still has not completed its sewer rate analysis; however, staff does anticipate a rate increase from the County once the study is complete.

A discussion followed regarding the possibility of using existing reserves in the Water & Sewer Fund retiring the existing Water & Sewer Fund debt. It was agreed staff would provide further information and recommendation on a proposed payoff of the existing loan at the next budget workshop.

- B. Water and Sewer Operating - Operations - Operating costs are proposed to increase by nearly \$82,000 in the coming fiscal year. The increase is a result of incorporating annual maintenance expenses in the budget which were previously budgeted as capital expenses.

#### **Other Funds**

- A. MFT Fund – The proposed budget reflects \$470,000 in street resurfacing in 2014. Of this amount \$171,000 is proposed to come from Motor Fuel Tax Fund. Proposed roads for resurfacing include portions: Dukes Lane, Dukes Circle, Dukes Court, and Brunswick Lane.
- B. Police Pension Fund – The statutory required minimum contribution is \$492,000 and the Police Pension Board recommended contribution for 2014 is \$982,682. The proposed budget reflects an amount of \$525,000 budgeted for contributions to the Police Pension Fund for 2014. The proposed budget reflects a 50.3% decrease in the contribution for 2014.
- C. Retirement Funds - The budget reflects a 10% increase in the IMRF rate. Village Manager Burke explained staff is recommending increasing the amount of the contribution to IMRF in 2014 similar to the approach taken with the Police Pension Fund in recent years. The recommended increase in allocation to IMRF is due to the declining funded ratio over the last several years. Staff explained for every voluntary contribution to IMRF of \$100,000, the Village is expected to realize a 1% increase in the funded ratio.

Village Manager Burke explained the proposed budget reflects total property tax levy of \$1,547,100. Of this proposed levy, \$817,100 would be directed to IMRF and \$525,000 would go toward the Police Pension Fund. Village Manager Burke noted staff intends to work with Lake County to ensure the tax rate of .241 for 2013 is maintained for the 2014 tax year.

- D. Fraud, Alcohol, Drug Enforcement Fund – Police Chief Kinsey noted this is a new addition to the budget for 2014. Police Chief Kinsey explained revenue for this fund comes from Police enforcement activities and uses of the funds are restricted to expenditures related to enforcement activities. Police Chief Kinsey noted proposed expenditures for 2014 are based upon existing funds available not expected revenue to be received.
- E. Vehicle Maintenance Fund – The proposed budget reflects an increase in \$5,815 in expenditures compared to Fiscal Year 2013. The changes are related to minor incremental changes in line items.
- E. TIF Fund – The proposed budget reflects the closeout of the TIF Fund effective December 31, 2013. The closeout of the fund reflects the payoff of the existing bank loan of \$1,380,000. Village Manager Burke explained with the closeout of the fund, there will be a “due to” in the General Fund equal to the loan payoff which is expected to be paid back to the General Fund upon the sale of the remaining Village-owned parcels in 2014.
- F. E-911 Fund – Village Manager Burke explained this fund reflects revenues - Land Line

and Wireless 911 Surcharge and expenditures related to the cost of having dispatch services provided by Village of Vernon Hills.

- G. Special Service Area Fund – Sedgebrook - The Sedgebrook Special Service Area is new to the budget for Fiscal Year 2014. This fund reflects property tax receipts and debt service payments to repay bonds issued as part of the Sedgebrook development.
- H. Special Service Area – Traffic Signal – This fund is a special service area responsible for the initial construction and maintenance of the traffic signal at Route 22 and Westminster Way. With completed the installation of the traffic signal, IDOT agreed to pay 100% of the cost of construction of the signal at this intersection. This change results in only minimal funds to be collected in Fiscal Year 2013 related to maintenance of the signal. Given there is an existing fund balance in the SSA, beginning with Fiscal Year 2014, the Village does not plan to levy a tax for the SSA. Existing money in the SSA Fund will be used to cover annual operation expenses beginning in Fiscal Year 2014 and continue until all money in the fund is depleted.

Trustee McAllister noted the Village of Lincolnshire is fortunate to be in such a sound and solid financial position and extended his appreciation to previous Village Boards and staff for their leadership in being good stewards of the Village's finances.

A brief discussion regarding the Illinois Municipal Retirement Fund and the funded status followed.

There being no further business to discuss, Mayor Blomberg noted there will be another budget meeting on Monday, November 4, 2013 at 7:00 p.m.

#### **EXECUTIVE SESSION**

Trustee Brandt moved and Trustee Servi seconded the motion to adjourn into Executive Session for the purpose of discussing personnel. The roll call vote was as follows: AYES: Trustees Brandt, Servi, Feldman and McAllister. NAYS: None. ABSENT: Trustees Grujanac and McDonough. ABSTAIN: None. The Mayor declared the motion carried and the Board went into Executive Session at 9:26 p.m. and came out of Executive Session at 9:50 p.m.

#### **ADJOURNMENT**

Trustee Brandt moved and Trustee Servi seconded the motion to adjourn. The voice vote was unanimous and the Mayor declared the meeting adjourned at 9:51 p.m.

Respectfully submitted,

**VILLAGE OF LINCOLNSHIRE**

Barbara Mastandrea  
Village Clerk